



SEABOARD COAST LINE RAILROAD COMPANY

Treasury Department
P. O. Box 27581
Richmond, Virginia 23261

LEONARD G. ANDERSON
VICE PRESIDENT AND TREASURER

December 19, 1977

RECORDATION NO. 9133
Filed & Recorded

DEC 22 1977-10 45 AM

DEC 20 1977

Mr. H. G. Homme, Jr.
Acting Secretary

Interstate Commerce Commission
Washington, D. C. 20423

INTERSTATE COMMERCE COMMISSION
ADMINISTRATIVE SERVICES
F MAIL BRANCH

Dear Mr. Homme:

I am enclosing for filing and recordation under the provisions of Section 20c of the Interstate Commerce Act, as amended, counterparts Nos. 1 through 5 of a Lease Agreement, dated as of December 1, 1977, described in detail below. Such document by its terms provides that each counterpart shall be deemed an original and, accordingly, counterpart No. 2 may be treated as the original and the others as counterparts thereof.

1. Names and addresses of the parties to the Lease Agreement

(a) Lessor - BameriLease, Inc.,
555 California Street, San Francisco,
California 94104

(b) Lessee - Seaboard Coast Line Railroad
Company, 3600 West Broad Street,
Richmond, Virginia 23230

2. Description of the equipment

Identifying marks:

"Ownership Subject to a Lease
Agreement filed under the Interstate
Commerce Act, Section 20c"

ICC Washington, D. C.

NOV 22 1977
Date
Fee \$ 50

Mr. H. G. Homme, Jr. - 2

<u>General Description</u>	<u>Type of Equipment</u>	<u>A.A.R. Mech. Design.</u>	<u>Number</u>	<u>SCL Road Numbers</u>
Cement- Phosphate Hopper Cars	77-ton	LO	250	202750-202999, both inclusive
Covered Hopper Cars	100-ton	LO	150	242350-242499, both inclusive


Counterparts Nos. 2 through 5 of the above mentioned document should be returned to Mr. E. J. Zoll, Jr., representing the undersigned, 1000 Connecticut Avenue, N.W., Washington, D. C. 20036.

I am enclosing this company's check in the amount of \$50.00 made payable to the Commission covering the recordation fee for the above mentioned document.

Very truly yours,

SEABOARD COAST LINE RAILROAD
COMPANY

By



Leonard G. Anderson
Vice President and Treasurer

Interstate Commerce Commission
Washington, D.C. 20423

12/22/77

OFFICE OF THE SECRETARY

Leonard G. Anderson
Seaboard Coast Line RR.Co.
P.O.Box 27581
Richmond, Virginia 23261

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **12/22/77** at **10:45am**,
and assigned recordation number(s)

9133

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

DEC 22 1977 10 45 AM

COUNTERPART NO. / OF
5 COUNTERPARTS.

INTERSTATE COMMERCE COMMISSION
LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") dated as of December 1, 1977, is between BAMERILEASE, INC., a California corporation, with its principal office at 555 California Street, San Francisco, California ("Lessor") and SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation, with one of its principal offices at 3600 West Broad Street, Richmond, Virginia ("Lessee").

Lessor agrees to acquire and lease to Lessee and Lessee agrees to lease from Lessor certain reconstructed railroad equipment described in the Schedule ("Schedule") attached hereto and made a part hereof, upon the terms and conditions hereinafter set forth:

Section 1. Procurement, Delivery, Purchase and Acceptance.

1.1 Lessor will purchase the hulks to be reconstructed and leased hereunder pursuant to a Hulk Purchase Agreement dated December 1, 1977, between Lessor and Lessee ("Hulk Purchase Agreement"), attached hereto as Exhibit 1. Such equipment will be reconstructed by Lessee pursuant to the Equipment Reconstruction Agreement dated December 1, 1977, between Lessor and Lessee ("Reconstruction Agreement"), attached hereto as Exhibit 2. The reconstructed equipment shall herein be referred to individually as a "Unit" and collectively as "Units".

1.2 The obligation of Lessor to pay for each Unit is subject to the following conditions:

(a) Lessee shall have executed and delivered to Lessor a Certificate of Acceptance in the form attached hereto as Exhibit A ("Certificate of Acceptance"). The date of execution by Lessee of the Certificate of Acceptance is hereinafter called the "Delivery Date". Such Certificate or Certificates of Acceptance shall be delivered to Lessor at least five (5) days prior to each closing date, as defined in the Equipment Reconstruction Agreement dated December 1, 1977 ("Reconstruction Agreement"), for such Unit confirming that such Unit (i) has been accepted by Lessee as of such Delivery Date and (ii) has become subject to and governed by all the provisions of this Lease;

(b) Lessee shall have received all such governmental or regulatory approvals, licenses and authorizations which, with respect to Lessee's execution and performance of this Lease and all related documents, may be necessary or advisable in the reasonable opinion of the Lessor.

(c) Lessor shall have received a written report from the chief mechanical officer of the North American Car Corporation in form and substance satisfactory to Lessor to the effect that (i) the estimated useful life of the Units is at least fifteen (15) years, (ii) the estimated residual value of the Units at the end of twelve (12) years shall be at least twenty (20) percent of the total aggregate Purchase Price thereof, not including in such value (A) any cost incurred in delivering possession of the Units to Lessor or (B) any increase or decrease for inflation or deflation, and (iii) the Units will be usable by parties other than the Lessee.

(d) There shall exist no Event of Default or any condition, event or act, which with notice or lapse of time or both, would become an Event of Default, which has not been remedied or waived.

If any of the foregoing conditions have not been met with respect to any Unit, Lessor shall assign, transfer and set over unto the Lessee all the right, title and interest of Lessor in and to such Unit and Lessee shall hold Lessor harmless from any obligations whatsoever under the Purchase Agreement, the Reconstruction Agreement and any related agreements with respect to such Unit.

1.3 In consideration of the purchase of the Units by Lessor, Lessee agrees that interim rent for each Unit shall begin to accrue on the date funds for purchase of such Unit are advanced by Lessor until, but not including, December 1, 1978, at a daily rate equal to .016% of the Purchase Price of each Unit, payable on December 1, 1978.

Section 2. Term, Rent and Payment.

2.1 The original term of this Lease for each Unit shall commence on the Delivery Date in respect thereof and terminate on November 30, 1986, or such other date as specifically provided herein.

2.2 The rental for each Unit shall be paid in sixteen (16) consecutive semiannual installments commencing six (6) months following December 1, 1978. Each semiannual rental for each Unit shall be an amount equal to 6.2128% of the Purchase Price in respect thereto.

2.3 Rent and all other sums due Lessor hereunder shall be paid at the principal office of Lessor set forth above.

2.4 This Lease is a net lease and Lessee shall not be entitled to any abatement or reduction of rent or any setoff against rent, whether arising by reason of any past, present or future claims of any nature by Lessee against

Lessor or otherwise. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessor or Lessee be otherwise affected, by reason of any defect in, damage to, loss of possession or use or destruction of any of the Units however caused, by the attachment of any lien, encumbrance, security interest or other right or claim of any third party to any Unit, by any prohibition or restriction of or interference with Lessee's use of the Unit by any person or entity, or by the insolvency of or the commencement by or against Lessee of any bankruptcy, reorganization or similar proceeding, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. It is the intention of the parties all rent and other amounts payable by Lessee hereunder shall be payable in all events in the manner and at the times herein provided, unless Lessee's obligations in respect thereof have been terminated pursuant to the express provisions of this Lease.

Section 3. Warranties.

3.1 LESSEE ACKNOWLEDGES AND AGREES (a) THAT EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY LESSEE, (b) THAT LESSEE IS SATISFIED THAT THE SAME IS

SUITABLE FOR ITS PURPOSES, (c) THAT LESSOR IS NOT A MANUFACTURER THEREOF NOR A DEALER IN PROPERTY OF SUCH KIND, and (d) THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION OR WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DESCRIPTION, DURABILITY OR SUITABILITY OF ANY SUCH UNIT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE. Lessor hereby assigns to Lessee, to the extent assignable, any warranties, covenants and representations to which it may be entitled with respect to any Unit, provided that any action taken by Lessee by reason thereof shall be at the sole expense of Lessee and shall be consistent with Lessee's obligations pursuant to Section 2 hereunder.

Section 4. Possession, Use and Maintenance.

4.1 Lessee shall not use, operate, maintain or store any Unit improperly or carelessly and Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the Interchange Rules of the Association of American Railroads ("AAR") (excepting only Section 3 of Rule 90 of the AAR Interchange

Rules as published in 1977) and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent such laws and rules affect the title, operation or use of the Units, and in the event such laws or rules require any alteration, replacement or addition of or to any part on any Unit, Lessee will conform therewith at its own expense; provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of Lessor, adversely affect the property or rights of Lessor under this Lease.

As long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease. Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to any Unit, including any accession thereto, or the interest of Lessor or Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises.

As long as Lessee shall not be in default under this Lease, the Lessee shall be entitled to sublease the Units. Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the continental United States.

4.2 Lessee shall at its sole expense at all times during the term of this Lease maintain the Units in good operating order, repair, condition and appearance.

4.3 Lessee shall not alter any Unit or affix or install any accessory, equipment or device on any Unit, if such alteration or addition will impair the originally intended function or use or reduce the value of any such Unit unless required to do so by a duly authorized governmental or regulatory agency. All repairs, parts, supplies, accessories, equipment and devices furnished, affixed, or installed to or on any Unit shall thereupon become the property of Lessor except that, if no Event of Default has occurred and is continuing, Lessee may remove at its expense any such accessories, equipment and devices at the expiration of the term with respect to such Unit, and such accessory, equipment or device will thereupon become the property of the Lessee, provided that such removal will not impair the originally intended function or use of such Unit.

4.4 Lessee will cause each Unit to be kept numbered with the identifying number set forth in Appendix A hereto, and keep and maintain, permanently, distinctly, and conspicuously marked on each side of each Unit in letters not less than one inch in height the words "Ownership Subject to a Lease Agreement filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and property in such Unit and the rights of Lessor under this Lease. Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, defaced or destroyed. Lessee will not change the identifying number of any Unit unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Units may be lettered with the names or initials or other insignia customarily used by Lessee or its sublessees.

4.5 Upon prior notice to Lessee, Lessor shall have the right at all times convenient to the Lessee to enter upon the properties of the Lessee to inspect any Unit and observe its use at Lessor's expense and liability, except that Lessee shall be liable in the case of gross negligence or the intentional act of the Lessee or its employees or agents for any injury to or the death of any person exercising, on behalf of the Lessor, the rights of inspection granted under this section.

Section 5. Taxes.

5.1 All payments to be made by Lessee hereunder will be free of expense to Lessor with respect to the amount of any local, state or federal taxes (other than any federal, state or local net income taxes or franchise taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves Lessee from the

payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties, together with any interest payable with respect thereto being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of Lessor, adversely affect the title,

property or rights of Lessor hereunder. If any Impositions shall have been charged or levied against Lessor directly and paid by Lessor, Lessee shall reimburse Lessor on presentation of an invoice therefor.

5.2 In the event any reports with respect to Impositions are required to be made, Lessee shall make such reports in such manner as shall be reasonably satisfactory to Lessor.

Section 6. Casualty Occurrence; Waiver and Indemnity.

6.1 In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, Lessee shall promptly and fully notify Lessor with respect thereto. On the rental payment date next succeeding such notice Lessee shall pay to Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the Schedule) of such Unit as of the date of such payment as set forth in the Schedule. Upon the making of such payment by Lessee in respect of any Unit, the rental

for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of loss, theft or complete destruction) Lessor shall be entitled, if it so elects, to recover possession of such Unit at its expense. Provided that Lessor has received the Casualty Value for any Unit, Lessee shall be entitled to the proceeds of any recovery in respect of such Unit from insurance or otherwise to the extent that they do not exceed the Casualty Value of such Unit, and any excess shall be retained by Lessor.

Except as hereinabove in this Section 6.1 provided, Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after the Date of Delivery with respect to such Unit.

6.2 Lessee hereby waives and releases any claim now or hereafter existing against Lessor on account of, and agrees to indemnify, reimburse and hold Lessor harmless from, any and all claims (including, but not limited to, claims relating to patent infringement and claims based upon strict liability in tort), losses, liabilities, demands, suits, judgments or causes of action, and all legal proceedings, and any costs or expenses in connection therewith, including

attorneys' fees and expenses which may result from or arise in any manner out of the condition, use or operation of any Unit during the term hereof, or which may be attributable to any defect in any Unit, arising from the material or any article used therein or from the design, testing or use thereof, or from any maintenance, service, repair, overhaul or testing of any Unit regardless of when such defect shall be discovered, whether or not such Unit is in the possession of Lessee and no matter where it is located.

Section 7. Insurance.

Lessee will at all times while this Lease is in effect, at its own cost and expense, cause to be carried and maintained property insurance in respect of the Units subject to this Lease and public liability insurance all in amounts and against risks customarily insured against by Lessee in respect of similar equipment owned by it.

Section 8. Default.

8.1 If, during the term of this Lease, one or more of the following events ("Events of Default") shall occur:

- (a) Default shall be made by Lessee in the making of any payments to Lessor when due hereunder and such default shall continue for a

period of ten (10) days after receipt of written notice thereof to the Lessee;

(b) Any representation or warranty of Lessee contained herein or in any document furnished to Lessor in connection herewith shall be known to be untrue or incorrect in any material respect when made;

(c) Default shall be made in the observance or performance of any of the other covenants, conditions, agreements or warranties made by Lessee hereunder and such default shall continue for ten (10) days after written notice thereof to Lessee; or

(d) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted, or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the Lease shall not have been (and shall not continue to be), duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations

shall have the same status as obligations incurred by such trustee or trustees, within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier;

then, in any such case, Lessor, at its option may:

(aa) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(bb) by notice in writing to Lessee terminate this Lease, whereupon all rights of Lessee to the use of the Units shall absolutely cease and terminate, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may by its agents enter upon the premises of Lessee and take possession of all or any of such Units and thenceforth hold the same free from any right of Lessee, its successors or assigns, but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease

may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the rentals which Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case by discounting at a rate equal to the then judgment rate of interest fixed under the law of the State of California, compounded

at the same frequency as rentals are paid hereunder, from the respective dates upon which rentals would have been payable hereunder had the Lease not been terminated, and (ii) any damages and expenses in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty contained in this Lease other than for the payment of rental.

8.2 In the event of any action at law or suit in equity in relation to this Lease, Lessee in addition to all other sums which Lessee may be required to pay, will, if Lessor prevails in such action or suit, pay to Lessor a reasonable sum for its attorneys' fees and all other costs and expenses of such action or suit.

8.3 The remedies hereunder provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity.

Section 9. Return of Units.

On or prior to the expiration of the term of this Lease (hereinafter "Expiration Date") the Lessee will, at its own cost and expense, at the request of the Lessor

deliver possession of such Unit or Units to the Lessor upon such storage tracks of the Lessee as Lessor may designate or in the absence of sufficient storage on such tracks, then such closest tracks as practicable on the lines of Lessee, as Lessee designates. The Lessee shall pay rental at the rate of .034516 % per day of the Purchase Price of any Unit not returned to the Lessor at the designated storage tracks on the Expiration Date. The Lessor shall pay storage at the rate of .034516 % per day of the Purchase Price on any Unit not removed from the said storage tracks within sixty (60) days of the commencement of such storage unless the delay in such removal has been occasioned by an act or omission of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of gross negligence or intentional act of the Lessee or of its employees or agents and, for any injury to or the death of any person exercising, either on behalf of the Lessor or any prospective purchaser or Lessee, the rights of

inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this Section 9 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, having at all times been maintained in accordance with Section 4 hereof, (ii) have attached or affixed thereto any part, title to which is in the Lessor pursuant to Section 4, and have removed therefrom at Lessee's expense any part, title to which is in the Lessee or any other person pursuant to Section 4, and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads (excepting only that the Units need not meet Section 3 of Rule 90 of the AAR Interchange Rules as published in 1977), if applicable. If any Unit suffers a Casualty Occurrence during any storage period provided

for in this Section 9, the Lessee shall pay to the Lessor the Casualty Value of such Unit as determined in accordance with Section 6 hereof.

Section 10. Assignment.

All or any of the right, title or interest of Lessor in and to this Lease, and the rights, benefits and advantages of Lessor hereunder, including the rights to receive payment of rental or any other payment hereunder, and title to the Units, may be assigned or transferred by Lessor at any time. Any such assignment or transfer shall be subject and subordinate to the terms and provisions of this Lease and the rights and interests of Lessee hereunder. No assignment of this Lease or any right or obligation hereunder whatsoever may be made by Lessee or any assignee of Lessee without the prior written consent of Lessor.

Section 11. Further Assurances.

Lessee will, at its expense, do and perform any other act and will execute, acknowledge, deliver, file, register and record any further instruments which Lessor may reasonably request in order to protect Lessor's title to the Units, this Lease, and the rights and benefits thereof. This Lease shall be filed and recorded with the Interstate

Commerce Commission in accordance with Section 20c of the Interstate Commerce Act.

Section 12. Late Payments.

Lessee shall pay to Lessor, on demand, interest at the rate of ten (10) percent per annum on the amount of any payment not made when due hereunder from the due date thereof until payment is made.

Section 13. Effect of Waiver.

No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default of Lessee hereunder shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease must be in writing specifically set forth.

Section 14. Survival of Covenants.

All covenants of Lessee under Section 1, 2, 4, 5, 6, 8, 9 and 12 shall survive the expiration or termination of this Lease to the extent required for their full observance and performance.

Section 15. Lessee's Right of First Refusal

15.1 Unless an Event of Default, or any event or condition which, upon notice or lapse of time, would constitute an Event of Default, shall have occurred and be continuing Lessor shall not, at any time after the end of the Lease term, sell, transfer or otherwise dispose of any Unit unless:

(a) Lessor shall have received from a responsible purchaser a bona fide offer in writing to purchase such Unit, which offer is acceptable to Lessor;

(b) Lessor shall have given Lessee notice (i) setting forth in detail the identity of such purchaser, the proposed purchase price and the proposed date of purchase, and (ii) offering to sell the Unit to Lessee upon the same terms and conditions as those set forth in such notice; and

(c) Lessee, shall not have notified Lessor, within twenty (20) days following receipt of such notice, of its election to purchase the Unit upon such terms and conditions as those set forth in such notice;

If Lessee shall not have so elected to purchase the Unit, Lessor may sell the Unit at a price and upon other terms and conditions no less favorable to Lessor than those specified in Lessor's notice to Lessee.

15.2 Any sale of a Unit or Units by Lessor to Lessee pursuant to this Section 15 shall be for cash and shall take place within sixty (60) days of the date upon which Lessor accepts Lessee's offer to purchase the Unit or Units. Such sale shall be made without recourse to or warranty of Lessor.

Section 16. Applicable Law; Effect and Modification of Lease.

16.1 This Lease shall be governed by, and construed under the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

16.2 This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the leasing of the Units and supersedes all prior agreements, oral or

written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing.

Section 17. Financial Information and Reports.

Lessee shall keep its books and records in accordance with the Uniform System of Accounts prescribed by the Interstate Commerce Commission consistently applied and shall deliver to Lessor its quarterly and annual financial statements, the annual report to stockholders of Seaboard Coast Line Industries, Inc., certified by a firm of independent public accountants, and such other unaudited financial statements as may be reasonably requested by Lessor.

Lessee shall deliver to Lessor on or prior to March 31 of each year of the Lease term an annual report as to the physical condition of the Units as of the preceding December 31.

Section 18. Notices.

All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to a telegraph office, charges prepaid, addressed as follows:

To Lessor:

BameriLease, Inc.
555 California Street
San Francisco, California 94104
Attention: Documents Supervisor

To Lessee:

Seaboard Coast Line Railroad Company
3600 West Broad Street
Richmond, Virginia 23230
Attention: L. G. Anderson, Vice President and Treasurer

or at such other address as may hereafter be furnished in writing
by either party to the other.

Section 19. Recording; Expenses.

The Lessee, at its own expense, will cause this Lease
to be filed and recorded with the Interstate Commerce Commission
in accordance with Section 20c of the Interstate Commerce
Act prior to the delivery and acceptance of any Unit hereunder.

Section 20. Counterparts.

Five counterparts of this Lease have been executed
by the parties hereto, each of which so executed shall be
deemed to be an original, and such counterparts together shall
constitute but one and the same instrument. One counterpart
has been prominently marked "Lessor's Copy". One counterpart
has been prominently marked "Lessee's Copy".

IN WITNESS WHEREOF, the parties hereto have executed
this Lease as of the day and year first above written.



Attest:

Walter J. Smith
Assistant Secretary

BAMERILEASE, INC.

By

Paul M. Moring
Assistant Vice President

By

M. R. Baudenberg
Vice President

(SEAL)

Attest:

J. F. Williams
Assistant Secretary

SEABOARD COAST LINE RAILROAD COMPANY

By

Leonard G. Anderson
Vice President and Treasurer

COMMONWEALTH OF VIRGINIA)
CITY OF RICHMOND) SS

On this *19th* day of December, 1977, before me personally appeared Paul Marini, to me personally known, who being by me duly sworn, says that he is Assistant Vice President of BAMERILEASE, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

C W Whitehurst Jr

Notary Public

My commission expires: Apr. 30, 1979

COMMONWEALTH OF VIRGINIA)
CITY OF RICHMOND) SS

On this *19th* day of December, 1977, before me personally appeared Leonard G. Anderson, to me personally known, who being by me duly sworn, says that he is the Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

C W Whitehurst Jr

Notary Public

My commission expires: Apr. 30, 1979

SCHEDULE
TO
LEASE AGREEMENT

Section 1. Description of Units and Maximum Purchase Price.

<u>Description</u>	<u>Estimated Purchase Price</u>
250 - 77-ton reconstructed cement-phosphate covered hopper cars.	\$2,700,000
150 - 100-ton reconstructed cement-phosphate covered hopper cars.	\$1,695,000
	<hr/>
Total Estimated Purchase Price	\$4,395,000

The aggregate actual Purchase Price of all Units shall not exceed \$4,395,000 without the prior written consent of Lessor.

Section 2. Term.

The original lease term for each Unit shall commence on the Delivery Date and shall terminate on November 30, 1986.

Section 3. Rental.

The rental for each Unit shall be paid in sixteen (16) consecutive semiannual installments commencing six (6) months following December 1, 1978. Each semiannual rental for each Unit shall be in an amount equal to 6.2128% of the Purchase Price in respect thereto.

Section 4. Groups.

For settlement purposes (closings) the Units (Items of Reconstructed Equipment) will be divided into groups of Units (each group of Units being called a "Group").

1st Group - Units delivered between
December 1, 1977 and
April 30, 1978

2nd Group - Units delivered between
May 1, 1978 and July 31,
1978

3rd Group - Units delivered between
August 1, 1978 and
November 30, 1978

Section 5. Closing Date(s).

The settlement dates for each Group then delivered on which the appropriate documents must be delivered and payment made (being called a "Closing Date") are as follows:

1st Group - May 15, 1978

2nd Group - August 15, 1978

3rd Group - December 1, 1978

Section 6. Casualty Value.

The Casualty Value of each Unit as of each rental payment date in respect thereto shall be that percentage of the Purchase Price of such Unit as is set forth below opposite the number of rental payments in respect of such Unit which would have become due to and including such date.

CASUALTY VALUES

<u>Rental Payment No.</u>	<u>Percentage</u>
1	119.43
2	116.28
3	113.00
4	109.58
5	106.02
6	95.28
7	91.44
8	87.48
9	83.37
10	72.08
11	67.70
12	63.19
13	58.54
14	46.70
15	41.78
16	36.72

Section 7. Tax Indemnification.

7.1 This Lease has been entered into upon the assumption that:

(a) The Lease will constitute a true lease for federal income tax purposes.

(b) The Lessor shall be entitled to such deductions, credits and other tax benefits as are provided by federal, state and local law to an owner of property ("Tax Benefits") including, without limitation:

(i) The investment credit allowed by Section 38 and related sections of the Internal Revenue Code of 1954, as amended ("Code") in an amount equal to ten (10%) percent of the reconstructed portion of the Purchase Price of the Units ("Reconstruction Cost")'

(ii) The deduction for depreciation on the Units under various sections of the Code based upon (A) depreciation by Lessor over useful life of 12 years (as provided by the lower limit for assets includable in Asset Guideline Class 00.25 as published in

Rev. Proc. 77-10) (B) Salvage value equal to ten (10%) percent of the Purchase Price of the Units (after reduction as provided for in Section 167(f) of the Code), (C) utilization of the double declining balance method of depreciation switching to sum of the years digits method when most beneficial to the Lessor using an original basis equal to the Reconstruction Cost, and (D) utilization of the one hundred fifty (150%) percent declining balance method of depreciation switching to straight line for the nonreconstructed portion of the Purchase Price.

(c) The applicability throughout the term of this Lease of a federal income tax equal to the statutory rate applicable to Lessor on the signing date of this Lease and a California Franchise tax rate (or any other applicable California tax based on net income) equal to the statutory rate applicable to Lessor on the signing date of this Lease.

7.2 If Lessor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to Lessor, as the result of any act or omission of the Lessee, all or any portion of the Tax Benefits as are provided for in Section 7.1 of this Section 7 ("Loss"), then on the next succeeding rental payment date after written notice to Lessee by Lessor that a Loss has occurred, or if there is no such date, thirty (30) days following such a notice, Lessee shall pay Lessor an amount which, in the reasonable opinion of Lessor, and after deduction of all taxes required to be paid by Lessor with respect to receipt of such amount, will preserve anticipated net after-tax yield and periodic after-tax cash flow over the term of the Lease in respect of such Unit that would have been available to Lessor if Lessor had been entitled to the utilization of all the Tax Benefits. Notwithstanding the preceding, no amounts shall be payable by the Lessee under this Section 7 until Lessor has paid, is currently obligated to pay, or has otherwise currently suffered any economic detriment because of such loss.

For purposes of this Section 7.2, whenever it may be necessary to compute the amount of an indemnity

payment with respect to a Loss for any purpose, such computation shall be made on the assumption that Lessor could have fully utilized such tax benefit (unless such Loss occurs solely because of the application of Section 7.3(ff) of this Section 7) and that the receipt by Lessor of any such indemnity payment will be subject to Federal and state taxes at a combined effective rate equal to that specified at Section 7.1(c) of this Section 7 subject to the limitations found at Section 7.3(gg).

7.3 For purposes of this Section 7, a Loss shall occur upon the earliest of (a) the happening of any event (such as disposition or change in use of any Unit) which may cause such Loss, (b) the payment by Lessor to the Internal Revenue Service of the tax increase resulting from such Loss or (c) the adjustment of the tax return of Lessor to reflect such Loss. Lessor shall not be entitled to payment under this Section 7 on account of any Loss due solely to one or more of the following events: (aa) a disqualifying disposition due to a transfer or sale of the Unit by Lessor prior to any default by Lessee that has occurred and is continuing, (bb) a failure of Lessor to claim timely or properly the Tax Benefits for the Unit in the tax return of Lessor, (cc) a disqualifying change in the nature of Lessor's

business or liquidation thereof, (dd) a foreclosure by any person holding through Lessor of a lien on the Unit, which foreclosure results solely from an act of Lessor, (ee) any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value, if such Casualty Value is thereafter actually paid by Lessee, (ff) the failure of Lessor to have sufficient taxable income or tax liability to utilize such Tax Benefits, (gg) any change or modification in the tax law after December 1, 1978, or (hh) the failure of Lessor, subject to the provisions of Section 7.4 of this Section 7, to contest any Disallowance, as defined in Section 7.4, after timely notice and request by Lessee to contest such Disallowance or the compromise or settlement of such Disallowance by the Lessor without the prior written consent of the Lessee.

7.4 Upon receipt by Lessor of a written notification from a Federal or state taxing authority of a disallowance, a proposed disallowance or an adjustment for which an amount may be payable by Lessee as a result of a Loss in accordance with this Section 7 (hereafter called a "Disallowance"), Lessor shall promptly notify Lessee of said Disallowance after receipt of such written notification from the applicable taxing authority (which notice to

Lessee shall include all relevant information relating to such Disallowance which may be particularly within the knowledge of Lessor, including but not limited to the assumptions and computations utilized by the Lessor in originally evaluating this Lease transaction and in determining such Loss).

Lessor shall be under no obligation whatsoever to contest such Disallowance unless:

(i) Lessee requests Lessor to contest such Disallowance within twenty (20) days after Lessor has so notified Lessee and within forty-five (45) days thereafter independent tax counsel selected by Lessee and approved by Lessor ("Independent Tax Counsel") renders a written opinion that there is a reasonable basis to contest such Disallowance; and

(ii) Lessee agrees to pay on demand all reasonable expenses, including, without limitation, the fees and disbursements of such Independent Tax Counsel, Lessor's special counsel, accountants, and investigators, paid or incurred by the Lessor in connection with contesting such claim.

The Lessor, at its sole option, may choose to forego any and all administrative appeals, proceedings,

hearings and conferences with the relevant Taxing Authority in respect of such Disallowance; but if Lessor elects to forego any of the preceding administrative remedies it shall contest the Disallowance in a court of competent jurisdiction selected by it at its sole option.

At all stages of any contest of a Disallowance, Lessor shall conduct the contest by any proceedings available under applicable law, regulation or court rules which, in its sole discretion, it determines to pursue, and shall determine in its sole and exclusive discretion whether (A) to petition for a redetermination of the deficiency proposed to be assessed by the taxing authority as a result of the Disallowance or (B) to pay the deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid.

If after actual receipt by Lessor of an amount paid by Lessee and attributable to a Loss of Tax Benefits, the extent of such Loss shall be established by the final judgment or decree of a court or administrative agency having jurisdiction thereof or a settlement with the consent of Lessee, within thirty (30) days, Lessor shall pay to Lessee all or the portion of the amount received by

Lessor and paid by Lessee with respect to such Loss which Lessor did not incur because of such final judgment or compromise. Notwithstanding the foregoing, Lessor shall not be required to make any payment hereunder so long as an Event of Default (or an event which with the passage of time or notice or both would constitute an Event of Default) shall have occurred and be continuing.

7.5 All of the Lessee's obligations to pay any sums which arise from the indemnities contained in this Section 7 shall survive the expiration or other termination of this Lease.

7.6 For purposes of this Section 7, the term "Lessor" shall include any affiliated group (within the meaning of Section 1504 of the Code) of which Lessor is a member for any year in which a consolidated income tax return is filed for such affiliated group.

HULK PURCHASE AGREEMENTSEABOARD COAST LINE RAILROAD COMPANY

Dated as of December 1, 1977

BameriLease, Inc.
555 California St.
San Francisco, California 94104

Attention: Mr. Paul Marini
Assistant Vice President

Gentlemen:

Seaboard Coast Line Railroad Company, a Virginia corporation ("Seller"), owns the railroad equipment described in Annex A hereto (collectively the "Hulks" and individually a "Hulk") and hereby agrees to sell the Hulks to BameriLease, Inc. ("Buyer") for the purchase price set forth in said Annex, and on the terms and conditions hereof.

The Seller will deliver the Hulks to Buyer's representative authorized to accept delivery thereof at the delivery point or points designated by Buyer. Following delivery of a group or groups of Hulks (each of which groups shall contain such number of Hulks as shall be mutually agreed upon by Buyer and the Seller from time to time) to such authorized representative, the Seller will deliver to Buyer (a) a Certificate or Certificates of Acceptance in the form of Annex B attached hereto, signed by such authorized representative stating that the Hulks in such group have been delivered to and accepted on Buyer's behalf, (b) a Bill or Bills of Sale of the Seller transferring title to the Hulks in such group to Buyer and warranting that at the time of delivery of such Hulks, the Seller had legal title thereto and good and lawful right to sell the same and that title to such Hulks transferred to Buyer by such Bill or Bills of Sale was, at the time of delivery thereof, free of all claims, liens and encumbrances of any nature, and that the purchase price of such Hulks does not exceed the fair market value thereof and (c) a written opinion of counsel that the Bill or Bills of Sale are valid and effective to transfer good title to the Hulks in such group to Buyer, free of all claims, liens and encumbrances of any nature. Payment of the purchase price of each Hulk and

delivery of such Certificate, Bill of Sale and opinion of counsel covering said Hulk shall be due either on (i) the "Closing Date" relating to such Hulk as provided in the Equipment Reconstruction Agreement dated as of December 1, 1977 between Seller and Buyer ("Reconstruction Agreement"), or (ii) November 30, 1978, whichever is earlier.

Delivery of the Hulks pursuant to this Agreement shall commence as soon as practicable and shall be completed in sufficient time for reconstruction to occur on or before November 30, 1978 under the Reconstruction Agreement.

In the event that the reconstruction of any Hulk sold to Buyer pursuant hereto shall not have been completed on or before November 30, 1978 under the Reconstruction Agreement, or any such Item of Reconstructed Equipment (as defined in the Reconstruction Agreement) shall not have been leased and delivered to Lessee on or before November 30, 1978 pursuant to the Equipment Lease Agreement dated as of December 1, 1977, the Seller agrees to immediately purchase such Hulk or Item of Reconstructed Equipment (irrespective of the status of its reconstruction) from Buyer AS-IS-WHERE-IS without representation or warranty whatever, express or implied, at a price equal to the purchase price, if any, paid by Buyer to the Seller for such Hulk.

If the foregoing arrangement concerning sale of the Equipment is satisfactory, please confirm by signing and returning the enclosed copy of this letter to the undersigned.

Very truly yours,

SEABOARD COAST LINE RAILROAD
COMPANY, Seller

By _____
Its Vice President and
Treasurer

ACCEPTED:

BameriLease, Inc.

By _____
Its

By _____
Its

Annex A

HULK PURCHASE AGREEMENT

<u>Quantity</u>	<u>Description</u>	<u>To be selected from Series Bearing SCL Road Numbers</u>	<u>Hulk Purchase Price</u>	<u>Total Purchase Price</u>
250	77-ton Cement Phosphate Hopper Cars	747200/747999 748450/748849 830000/830549	\$2,000	\$500,000
150	100-ton Covered Hopper Cars	835805/835999	\$2,500	\$375,000

CERTIFICATE OF ACCEPTANCE
UNDER HULK PURCHASE AGREEMENT

To: BameriLease, Inc.
299 Park Avenue
New York, New York 10017
Attention: Mr. Paul Marini
Assistant Vice President

The undersigned, your duly appointed inspector and authorized representative for the purpose of the Hulk Purchase Agreement, dated as of December 1, 1977, between you and Seaboard Coast Line Railroad Company, do hereby certify that I have inspected, received, approved and accepted delivery, on your behalf under said Agreement, of the following Items of Equipment:

TYPE OF ITEM:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED: SCL SCL SCL

Inspector and Authorized Representative
of BameriLease, Inc.

EQUIPMENT RECONSTRUCTION AGREEMENTSEABOARD COAST LINE RAILROAD COMPANY

THIS EQUIPMENT RECONSTRUCTION AGREEMENT ("Reconstruction Agreement") dated as of December 1, 1977, between Seaboard Coast Line Railroad Company, a Virginia corporation ("Rebuilder") and BameriLease, Inc., a California corporation ("Owner").

R E C I T A L S:

The Owner is the owner of the Hulks described in Schedule A hereto (collectively the "Hulks" and individually a "Hulk") which is to be reconstructed by the Rebuilder in accordance with the specifications therefor set forth in Exhibits I and II of Schedule A (hereinafter, with such modifications therein as may be approved by the Owner or its authorized representative and the Rebuilder, called the "Specifications"); and the Owner proposes to pay for the reconstructed equipment described in Schedule A (collectively the "Reconstructed Equipment" and individually an "Item of Reconstructed Equipment") at the price, in the manner and upon the terms and conditions hereinafter provided;

NOW THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter set forth, the Owner and the Rebuilder hereby agree as follows:

Section 1. Reconstruction of the Equipment. The Rebuilder agrees (i) to reconstruct the Hulks in accordance with the Specifications for the Owner, (ii) to number and mark each Item of Reconstructed Equipment as specified by the Owner and (iii) to deliver the Reconstructed Equipment to the Owner, as and when so reconstructed, marked and numbered, at the reconstruction prices as set forth in Schedule A, or such other reconstruction price or prices as may be mutually agreed upon by the parties hereto set forth in amended Schedules A. The design, quality and component parts of the Reconstructed Equipment will conform to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all applicable interchange requirements of the Association of American Railroads reasonably interpreted by the Rebuilder as being applicable to railroad equipment of the character of the Reconstructed Equipment as of the date of this Agreement.

Section 2. Delivery

2.1 Place. The Owner will deliver the Hulks at the plants of the Rebuilder in Tampa, Florida and Waycross, Georgia as the Rebuilder shall direct. The Rebuilder will deliver the Reconstructed Equipment to an authorized representative of the Owner at the delivery point or points mutually agreed upon by the Owner and the Rebuilder in accordance with the delivery schedule set forth in Schedule A.

2.2 Outside Delivery Date. In the event that all Hulks have not been reconstructed, delivered and accepted hereunder and under the Equipment Lease Agreement ("Lease") dated December 1, 1977 between Owner, as Lessor, and Rebuilder, as Lessee, on or prior to the outside delivery date set forth in Schedule A, this Reconstruction Agreement shall be deemed to apply only to such Hulks as have been reconstructed, delivered and accepted on or prior to

said date and, as used herein, the term Reconstructed Equipment shall be deemed to mean only such Hulks as have been reconstructed, delivered and accepted on or prior to said date and the Owner shall have no liability for any part of the reconstruction cost of any Hulks not reconstructed, delivered and accepted on or prior to said outside delivery date.

2.3 Inspection and Acceptance. Acceptance by an authorized representative of Owner, who may be an employee of the Lessee, shall constitute acceptance by the Owner hereunder upon execution of Certificate of Acceptance (Exhibit B).

Owner shall have the right to visit, at the times convenient to Rebuilder, the plants of the Rebuilder where the reconstruction of the Equipment shall take place and there observe said reconstruction.

Section 3. Payment for Reconstruction of the Equipment. For the purpose of making settlement for the Reconstructed Equipment, the Reconstructed Equipment shall be divided into groups of Items of Reconstructed Equipment (each such group of Items being hereinafter called a "Group"). The first Group is to consist of all Items of Reconstructed Equipment delivered during the period from the date of this Reconstruction Agreement to and including April 30, 1978. The second Group is to consist of all Items of Reconstructed Equipment delivered during the period from May 1, 1978 to and including July 31, 1978. The third Group is to consist of all Items of Reconstructed Equipment delivered during the period August 1, 1978 to and including November 30, 1978. The Owner agrees that the Owner will pay to the Rebuilder on May 15, August 15 and December 1, 1978, respectively (the "Closing Date(s)") the reconstruction price of such Group of Reconstructed Equipment then being settled for providing that the Owner shall have first received, in form and substance satisfactory to the Owner, all of the following:

(a) A Certificate or Certificates of Acceptance with respect to such Items of Reconstructed Equipment;

(b) An invoice or invoices covering the reconstruction cost of such Items of Reconstructed Equipment; provided, however, that notwithstanding the actual dates of acceptance of delivery of the Items of Reconstructed Equipment, invoices therefor shall be rendered only in respect of Items of Reconstructed Equipment which shall have been delivered and accepted by the authorized representative of the Lessee under the Equipment Lease;

(c) An opinion of counsel for the Rebuilder to the effect that this Agreement has been duly authorized, executed and delivered by the Rebuilder and constitutes a valid, legal and binding agreement of the Rebuilder enforceable in accordance with its terms.

Section 4. Warranty. The Rebuilder warrants that, at the time of delivery, the Equipment will be free of all claims, liens and encumbrances of any nature, except those of persons claiming by, through or under Owner and those arising under the Equipment Lease Agreement between Owner, as Lessor, and Rebuilder, as Lessee, dated as of December 1, 1977. The Rebuilder further warrants that the Equipment will be reconstructed in accordance with the requirements, specifications and standards set forth or referred to in Section 1 hereof and warrants that the Reconstructed Equipment will be free from defects in material, workmanship and design under normal use and service, the obligation of the Rebuilder under this Section being limited to making good at its plant any part or parts

of any Item of Reconstructed Equipment which shall, within one year after the delivery of such Item of Reconstructed Equipment to the Owner, be returned to the Rebuilder with transportation charges prepaid and which examination by the Rebuilder shall disclose to its satisfaction to have been thus defective. This warranty is expressly in lieu of all other warranties, expressed or implied, and of all other obligations or liabilities on the part of the Rebuilder except for its obligations under Sections 1, 2 and 3 hereof and the Rebuilder neither assumes nor authorizes any person to assume for it any other liability in connection with the reconstruction of the Equipment and delivery of the Reconstructed Equipment except as aforesaid. The Rebuilder further agrees with the Owner that the acceptance of any Item of Reconstructed Equipment under Section 2 hereof shall not be deemed a waiver by the Owner of any of its rights under this Section.

Section 5. Notices. Any notice permitted or required to be given by either party hereto to the other shall be in writing and deemed to be properly served if delivered, or addressed and deposited in the United States mails, first class postage prepaid, as follows:

If to the Rebuilder:	Seaboard Coast Line Railroad Company 3600 West Broad Street Richmond, Virginia 23230 Attn: L. G. Anderson Vice President and Treasurer
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If to the Owner:	BameriLease, Inc. 555 California Street San Francisco, California 94104 Attn: Documentation Supervisor
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or delivered or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

Section 6. Indemnification. Rebuilder does hereby assume liability for and does hereby agree to indemnify, protect, save and keep harmless Owner, its successors and assigns, from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including court costs and legal expenses, of whatever kind and nature, imposed on, incurred by or asserted against Owner or its successors and assigns (whether or not also indemnified against by any other person) in any way relating to or arising out of this agreement or the manufacture, purchase, reconstruction ownership, delivery, lease, possession, use, operation, condition, return or other disposition of the Hulks and the Reconstructed Equipment by Owner or Rebuilder, including without limitation, latent and other defects, whether or not discoverable by Owner or Rebuilder; any claim for patent, trademark, or copyright infringement; and any claims arising out of strict liability in tort. Rebuilder agrees to give Owner and Owner agrees to give Rebuilder, prompt written notice of any claim or liability hereby indemnified against. The indemnities and assumptions of liabilities contained in this Section 6 shall continue in full force and effect notwithstanding the termination of this agreement, whether by expiration of time or otherwise, as to any act or omission in any manner relating to the Hulks and the Reconstructed Equipment occurring during the continuance of this agreement which at any time is claimed to have created a cause of action against the Owner, provided, however, that the Rebuilder shall not be liable except in the case of gross negligence or intentional act of the Rebuilder or of its employees or agents and, except to the extent otherwise

provided by law, for any injury to, or the death of any person exercising, on behalf of the Owner the rights of inspection granted under this Agreement.

Section 7. Taxes. Rebuilder shall pay or reimburse Owner for all taxes (exclusive of net income or franchise taxes unless such net income or franchise taxes are in substitution for or relieve Rebuilder from any taxes which Rebuilder would otherwise be obligated to pay under the terms of this paragraph), fees, charges, licenses, and assessments whatsoever, however designated, whether based on the reconstruction cost or levied, assessed or imposed upon the Hulks or the Reconstructed Equipment or upon or in respect of the reconstruction purchase, delivery or ownership of the Hulks or the Reconstructed Equipment.

Section 8. Insurance. Rebuilder will, at all times while this Reconstruction Agreement is in effect, at its own expense, cause to be carried and maintained, property insurance in respect of the Hulks and of the Reconstructed Equipment at the time subject hereto and public liability insurance, in amounts and against risks customarily insured against by railroad companies in respect of similar equipment and in any event comparable to those insured against by Rebuilder in respect of similar equipment owned by it.

Section 9. Successors and Assigns. As used herein, the terms "Rebuilder" and "Owner" shall be deemed to include the successors and assigns of the Rebuilder and the Owner, provided, however, that no assignment by the Rebuilder or any assignee thereof shall subject any assignee to, or relieve the Rebuilder from, any of the obligations of the Rebuilder hereunder. Each party hereto may conclusively assume that there has been no assignment of the other party's rights under this Reconstruction Agreement unless and until it shall have been notified in writing of any such assignment by said assignor.

Section 10. Execution in Counterparts. This Reconstruction Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Owner and the Rebuilder, pursuant to due corporate authority as appropriate, have caused this Reconstruction Agreement to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested.

(SEAL)

SEABOARD COAST LINE RAILROAD COMPANY

Attest:

Assistant Secretary

By _____
Its Vice President and Treasurer

(SEAL)

BAMERILEASE, INC.

Attest:

By _____
Its

By _____
Its

SCHEDULE A

TO RECONSTRUCTION AGREEMENT

Description of Used
Railroad Equipment:

- (a) Type A Equipment - 250 used 77-ton cement-phosphate hopper cars bearing identifying numbers in the SCL Series SCL 747200 through and including SCL 747999, SCL 748450 through and including SCL 748849, and SCL 830000 through and including 830549.
- (b) Type B Equipment - 150 used 100-ton covered hopper cars bearing identifying numbers in the SCL Series SCL 835805 through and including SCL 835999.

Reconstruction
Specifications:

- (a) Type A Equipment - Statement of Reconstruction Specifications wet rock hopper cars dated August 18, 1977, attached hereto as Exhibit I.
- (b) Type B Equipment - Statement of Reconstruction Specifications coal hopper cars dated August 18, 1977, attached hereto as Exhibit II.

Description of Reconstructed
Equipment:

- (a) Type A Equipment - 250 77-ton cement-phosphate hopper cars bearing identifying numbers in the SCL Series SCL 202750 through and including SCL 202999.
- (b) Type B Equipment - 150 77-ton coal hopper cars bearing identifying numbers in the SCL Series SCL 242350 through and including SCL 242499.

SCHEDULE A

TO RECONSTRUCTION AGREEMENT
(Continued)

Reconstruction Cost:

(a) Type A Equipment - \$8,800 per unit for a total of \$2,200,000 for 250 units.

(b) Type B Equipment - \$8,800 per unit for a total of \$1,320,000 for 150 units.

Reconstruction Price:

The Reconstruction Price per unit is equal to the cost of the Hulk per unit plus the Reconstruction Cost per unit.

(a) Type A Equipment - \$10,800 per unit for a total of \$2,700,000.

(b) Type B Equipment - \$11,300 per unit for a total of \$1,695,000.

Delivery Schedule:

Outside Delivery Date:

All deliveries shall have been completed on or before November 30, 1978.

Deliver to:

Seaboard Coast Line Railroad Company upon the tracks of the Railroad at the location nearest to the plant where the delivered Hulk was reconstructed.

STATEMENT OF
RECONSTRUCTION SPECIFICATIONS - CEMENT PHOSPHATE HOPPER CARS

DATED AUGUST 18, 1977

Reconstruction will be performed to all components as required to restore the car to dependable service for the prescribed time.

Major components receiving attention follow:

- TRUCKS:** Disassemble trucks for thorough inspection, replace wear plates, provide serviceable wheel assemblies meeting AAR requirements, lubricate journal roller bearings as required and replace pedestal jaw retainer bolts with bolts of high strength steel and full ring nylon insert locknuts. Replace springs as necessary to maintain desired spring travel and return all brake levers and components to standard, modifying brake beams to accept composition shoes and reject cast iron shoes.
- BODY:** Restore all car body components including slope sheets and side sheets to good condition, repair or replace hopper doors, locks, hinges and frames as required. Properly reinforce body bolsters, repair draft gear stops, install draft gears of capacity designed for the car, replace couplers and yokes, and apply an automatic double acting slack adjuster in the foundation brake rigging.
- AIR BRAKES:** Provide reconditioned AB service and emergency valves. Overhaul brake cylinders, replace all gaskets and hose as necessary and perform prescribed air brake tests. Redrill levers to provide lower forces necessary with the use of composition shoes and apply new or factory reconditioned AAR 1966 handbrake and bellcrank.
- PAINTING:** The entire exterior of the car to be sand blasted, primed and painted. Total minimum film thickness of paint system to be 3 mils. Interior to be cleaned but not primed or painted.
- GENERAL:** Reconstruction and testing of car components will be performed to meet AAR standards and will prescribe to all interchange rules and will meet all requirements of DOT and FRA.

Office of Assistant Vice President-Equipment
Seaboard Coast Line Railroad Company
Jacksonville, Florida
August 18, 1977

STATEMENT OF
RECONSTRUCTION SPECIFICATIONS - COVERED HOPPER CARS
DATED AUGUST 18, 1977

Reconstruction will be performed to all components as required to restore the car to dependable service for the prescribed time.

Major components receiving attention follow:

- TRUCKS:** Disassemble trucks for thorough inspection, replace wear plates, provide serviceable wheel assemblies meeting AAR requirements, provide journal stops and dust guard seals and box lid seals on friction bearing cars. Replace springs as necessary to maintain desired spring travel and return all brake levers and components to standard.
- BODY:** Restore all car body components including slope sheets and side sheets to good condition, repair or replace hopper doors, locks, hinges and frames as required. Provide reinforcement as required to body bolsters, repair draft gear stops and install draft gear of capacity designed for the car and replace couplers.
- AIR BRAKES:** Provide reconditioned AB service and emergency valves. Overhaul brake cylinders, replace all gaskets and hose as necessary and perform prescribed air brake tests. Apply factory reconditioned hand brake.
- PAINTING:** The entire car will be sand blasted inside and out to provide a surface suitable for painting. The car interior will be primed and exterior will receive standard color paint of sufficient mil thickness for proper protection.
- GENERAL:** Reconstruction and testing of car components will be performed to meet AAR standards and will prescribe to all interchange rules, and requirements of DOT and FRA.

Office of Assistant Vice President-Equipment
Seaboard Coast Line Railroad Company
Jacksonville, Florida
August 18, 1977

CERTIFICATE OF ACCEPTANCE UNDER EQUIPMENT RECONSTRUCTION
AGREEMENT AND LEASE AGREEMENT, BOTH DATED AS OF DECEMBER 1, 1977

TO: BAMERILEASE, INC. ("BA") AND SEABOARD COAST LINE
RAILROAD COMPANY

I, duly appointed and authorized representative for BA and Seaboard Coast Line Railroad Company under the Equipment Reconstruction Agreement and Lease Agreement, both dated as of December 1, 1977, and both being between BA and said Seaboard Coast Line Railroad Company, do hereby certify that I inspected, received, approved and accepted delivery under the Reconstruction Agreement and Lease Agreement of the following Items of Reconstructed Equipment or Units:

TYPE OF RECONSTRUCTED EQUIPMENT:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED: SCL

I do further certify that the foregoing Items of Reconstructed Equipment or Units are in good order and condition, and appear to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements of the Association of American Railroads and that each Item or Unit has been marked in accordance with Section 1 (ii) of the Reconstruction Agreement and Section 4.4 of the Lease.

I do further certify that each of the foregoing Items of Reconstructed Equipment or Units has been marked by means of a stencil printed in contrasting colors upon each side of each Item of Reconstructed Equipment or Unit in letters not less than one inch in height as follows:

"Ownership Subject to a Lease
Agreement filed under the Inter-
State Commerce Act, Section 20c"

The execution of this Certificate will in no way relieve or decrease the responsibility of Seaboard Coast Line Railroad Company for any warranties it has made with respect to the Reconstructed Equipment.

Inspector and Authorized Representative
of BameriLease, Inc. and Seaboard
Coast Line Railroad Company

CERTIFICATE OF ACCEPTANCE UNDER EQUIPMENT RECONSTRUCTION
AGREEMENT AND LEASE AGREEMENT, BOTH DATED AS OF DECEMBER 1, 1977

TO: BAMERILEASE, INC. ("BA") AND SEABOARD COAST LINE
RAILROAD COMPANY

I, duly appointed and authorized representative for BA and Seaboard Coast Line Railroad Company under the Equipment Reconstruction Agreement and Lease Agreement, both dated as of December 1, 1977, and both being between BA and said Seaboard Coast Line Railroad Company, do hereby certify that I inspected, received, approved and accepted delivery under the Reconstruction Agreement and Lease Agreement of the following Items of Reconstructed Equipment or Units:

TYPE OF RECONSTRUCTED EQUIPMENT:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED: SCL

I do further certify that the foregoing Items of Reconstructed Equipment or Units are in good order and condition, and appear to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements of the Association of American Railroads and that each Item or Unit has been marked in accordance with Section 1 (ii) of the Reconstruction Agreement and Section 4.4 of the Lease.

I do further certify that each of the foregoing Items of Reconstructed Equipment or Units has been marked by means of a stencil printed in contrasting colors upon each side of each Item of Reconstructed Equipment or Unit in letters not less than one inch in height as follows:

"Ownership Subject to a Lease
Agreement filed under the Inter-
State Commerce Act, Section 20c"

The execution of this Certificate will in no way relieve or decrease the responsibility of Seaboard Coast Line Railroad Company for any warranties it has made with respect to the Reconstructed Equipment.

Inspector and Authorized Representative
of BameriLease, Inc. and Seaboard
Coast Line Railroad Company

APPENDIX A
TO
LEASE AGREEMENT

<u>Quantity</u>	AAR <u>Mechanical</u> <u>Designation</u>	<u>Description</u>	Lessee's <u>Road Numbers</u> <u>(Inclusive)</u>
250	LO	77-ton Cement Phosphate Hopper Cars	SCL 202750- SCL 202999
150	LO	100-ton Covered Hopper Cars	SCL 242350- SCL 242499